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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/06

SPONSOR Herrera LAST UPDATED _____ HB 361

SHORT TITLE County Correctional Facility Bond Maturity SB _____

ANALYST Schardin

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB299.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Association of Counties (NMAC)
 Taxation and Revenue Department (TRD)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 361 would extend the maximum maturity time for revenue bonds issued pursuant to the County Correctional Facility Gross Receipts Tax Act from 10 to 25 years.

No effective date is specified, so assume 90 days following adjournment of the 2006 Session on May 17, 2006.

SIGNIFICANT ISSUES

NMAC reports that normally bonds issued for capitol improvements are issued for as long as the financed improvement is expected to last. Limiting the bond issuance to 10 years on facilities that are designed to last much longer makes it expensive for counties to amortize the bond proceeds. Increasing the maximum bond maturity to 25 years will help counties by making debt service payments more affordable.

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DFA notes that while allowing bond maturities of up to 25 years will make debt service payments more affordable, it will also increase interest costs paid by counties.

The County Correctional Facility Gross Receipts Tax may be imposed in increments of 1/16 percent up to 1/8 percent. Revenue from the tax must be used to construct, purchase, furnish, equip, rehabilitate, expand or improve a judicial-correctional or county correctional facility or to pay debt service on revenue bonds.

TRD reports that as of January 1, 2006 the following New Mexico counties have imposed the tax: Cibola, Curry, Guadalupe, Harding, McKinley, Mora, Otero, Quay, Roosevelt, San Juan, San Miguel, Santa Fe, Sierra, Socorro, Torrance, Union, and Valencia.

ADMINISTRATIVE IMPLICATIONS

TRD reports that House Bill 361 would create minimal administrative impacts. Forms, instructions and publications will be changed with existing resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 361 duplicates Senate Bill 299.

SS/yr